



State of California

# Employment Training Panel

Arnold Schwarzenegger, Governor

November 5, 2008

Nadine Rothermel, Global Learning  
Leadership and Development  
Agilent Technologies  
29613 Windsong Lane  
Agoura Hills, CA 91301

TRANSMITTED ELECTRONICALLY

Dear Ms. Rothermel:

RE: MONITORING VISIT REPORT for Agilent Technologies – ET06-0289

<b>Date of the Visit:</b>	10/15/08 (Final Document Review Done via Webex).
<b>Beginning/Ending Time:</b>	10:30 p.m. -12:30 p.m.
<b>Date of Prior Visit:</b>	04/03/07
<b>Persons in attendance:</b>	Phillip Herrera, administrative subcontractor; and Diane Woodside, ETP Analyst via Webex
<b>Action Required:</b>	No

## CONTRACT INFORMATION:

<b>Term of Agreement:</b>	06/30/06 – 06/29/08	<b>Agreement Amount:</b>	\$1,473,000
<b>Type of Trainee:</b>	Retrainee	<b>No. to Retain:</b>	3,000
<b>Date Training must be completed:</b>	03/29/08	<b>Range of Hours:</b>	24 - 200
<b>Training Start Date:</b>	06/30/06	<b>Weighted Ave. Hours:</b>	54

**Background:** This project, approved by the Panel in April 2006, funded retraining for this Priority Industry manufacturer which manufactures products that sense, analyze, display and communicate data for use in the life sciences, communications and electronics industries. Headquartered in Palo Alto, California, Agilent operated three businesses: life sciences and chemical analysis, test and measurement, and semiconductor products. The company's products provide cheaper, faster, and more efficient tests resulting in major disease and drug discoveries. The plan was to retrain 3,000 employees across all occupations working in Palo Alto, San Francisco, Pleasanton, San Diego, Newark, Milpitas, Anaheim, El Segundo, Roseville, and Folsom, California. This was the company's third ETP Agreement and focused on Advanced Technology (AT), computer, continuous improvement, manufacturing, and project management skills related to life science product development and market expansion.

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**FINAL REPORT SUMMARY:**

**History of Agreement:** The Agreement was executed on 8/25/2006 and training began on 6/3/06 as allowed under the Agreement start date of 6/30/06. The ETP on-line system depicts that training was completed on 3/28/08 which allows for the 90-day retention period to be completed within the term ending date of the Agreement of 6/29/08. There were no revisions to this Agreement.

**Final Earnings/Performance:** Agilent Technologies, Inc. has submitted a fiscal close-out invoice for \$256,641 (17 percent of the total Agreement amount of \$1,473,000) for the training and retention of 591 trainees. Company representatives state below that the low earnings resulted because of the move from instructor-led to CBT as the primary training methodology. However, it should also be noted that Agilent consolidated facilities and reduced its workforce during the Agreement term when it narrowed its products line by spinning off the semiconductor electronics group which became a separate company. Also, efficiency gains resulted in fewer employees needed to meet customer demand.

**FINAL VISIT QUESTIONS** (Bolded responses received via email from you):

- **What barriers, if any, did your company experience in implementing your ETP project?**

There were no barriers in implementing the ETP project. Past projects were tracked using a paper-based model which was time-consuming and cumbersome. Implementing procedures for providing electronic records was a major improvement. Building custom reports and data downloads for employee enrollment and training tracking was relatively straightforward.

- **What problems, if any, did your company experience with ETP record keeping?**

Our Learning Management System went through several upgrades during the term of the ETP contract. After each upgrade the system became better at meeting ETP reporting requirements. Tracking multiple-instructors for a classroom session remains a challenge. Approving "read-only" access to the Agilent LMS for third parties was a major improvement. The second problem had to do with employee data privacy concerns. Security breaches by third parties have been well publicized in the past few years and Agilent's security division remains concerned about ETP's employee demographic reporting procedures. ETP requires employee information including the SSN to be transmitted via the internet through a secure server to enroll employees. Ensuring that the proper safeguards for protecting Agilent employee data was difficult but Agilent was able to comply.

- **What assistance could ETP have provided that would improve the process for future Contractors?**

ETP staff was excellent in providing the necessary guidance and support during the term of the contract.

- **How did your company benefit from the ETP training?**

Our senior management characterized 2007/2006 as "Phase II" of the company's history, as we shifted from an emphasis on building the operational model to an

emphasis on leveraging it for higher sustainable, profitable growth. ETP's support was instrumental in helping us build our operational model by partially subsidizing the training cost of our California workforce. Employees attended a variety of technical, management, and professional development training that proved to be a key part of our operational success.

We delivered less training hours in this contract than in past ETP contracts because we embraced a computer-based rather than instructor-led delivery strategy. This resulted in less ETP funds earned but the results on employee skill sets were very positive. All told, ETP resources were instrumental in building employee competencies in high-paying jobs with long-term career potential in California.

We have been privileged to partner with the ETP. The agency has supported us in developing our employees during a difficult period in which our business environment requires us to adopt new strategies and engage in continuous organizational transformation to keep pace in a competitive global industry. Agilent would like to extend our appreciation to the State of California and the ETP for extraordinary support during this critical period in our industry and for our company.

### **RESULTS OF REVIEW OF ELECTRONIC RECORDKEEPING SYSTEM:**

Agilent participated in the Panel's pilot project to allow electronic record-keeping. A letter dated March 2, 2007, was mailed to Agilent approving its LMS system ("Knowledge Planet") which tracks all instructor-led and CBT training activities after it was reviewed by Charles Rufo, Audit Manager. During the Webex final document review, Ms. Woodside reviewed a sample of training records for completers. While it appears that the system recorded the appropriate data elements, based on the sample reviewed at this visit, the ETP analyst did find one area of non-compliance in a number of CBT courses that are not eligible for funding. The administrative subcontractor agreed to remove hours related to the following CBT courses:

- Careful Communication (beLegal)
- EU Competition: Dealing with Competitors (beLegal)
- Intellectual Property Overview - Classroom and Webex Sessions for beLegal Course
- Intellectual Property Overview (beLegal)
- Interviewing @ Agilent (1/2 Day Session for Non-Hiring Managers)
- Interviewing @ Agilent (Full Day Session for Hiring Managers)
- Laws Protecting Global Competition
- Managing Within The Law
- Working at Agilent

The company can print out a report of CBT completions by trainee name, date completed, course title, and the standard hours requested for reimbursement. In addition, an Excel spreadsheet has been provided to track all instructor data which may have been not been entered into the MIS. The instructor listing is included in ETP's Master File. Hard copies of classroom rosters are also kept by Agilent if necessary to provide back-up documentation.

Please note that the finding that the ETP documentation is in order is based only on the training records reviewed the Webex review and represents only a limited sample of the training records completed to date. It is Agilent Technologies responsibility to ensure that all training records are in compliance with Panel requirements for auditing purposes.

**Subcontractor Information Has Been Entered Online:**

Information on one training vendor and the administrative subcontractor has been entered into the ETP on-line system as required.

**INFORMATION ON ETP AUDIT PROCEDURES:**

ETP conducts audits on completed projects on a sample basis. Thus, Agilent Technologies may or may not be audited. Should it be chosen for an audit, Agilent Technologies will be notified in writing and informed if the audit will be conducted either at your site (field audit) or by telephone if selected for a desk audit (or "review"). These notifications will be sent in advance to allow ample preparation time and will include a list of documentation that will be examined by the auditor. A list of the documentation typically examined during an audit will be included along with the Audit Notification and Audit Confirmation letters. To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment

**RECORD RETENTION:**

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later. If you have any questions or comments regarding the information in this letter, please contact Diane Woodside, at 650-655-6935 or at [dwoodside@etp.ca.gov](mailto:dwoodside@etp.ca.gov) within ten (10) working days from the receipt date of this letter.

Sincerely,



Creighton Chan, Manager  
San Francisco Bay Area Regional Office



Diane Woodside, Account Analyst  
San Francisco Bay Area Regional Office

cc: Phillip Herrera, Administrative Subcontractor  
David Guzman, ETP Operations Chief  
Brian McMahon, Executive Director  
Kulbir Mayall, ETP Fiscal Unit

Chuck Rufo, ETP Audit Unit  
Master File  
Project File

Date report emailed to Contractor 11/19/08